

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-326-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
Fort Mill Telephone Co. and for)
Alternative Regulation)

**TESTIMONY OF
CHARLENE KEYS**

ON BEHALF OF

TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA), LLC

PUBLIC VERSION

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE
2 RECORD.

3 A. My name is Charlene Keys and I am Vice President and General Manager of Time Warner
4 Cable's Columbia and Hilton Head Markets. My business address is 3347 Platt Springs
5 Road, West Columbia, South Carolina 29170. My telephone number is (803) 744-5497 and
6 my email address is Charlene.Keys@TWCable.com .

7 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

8 A. I oversee business operations, construction, technical operations, quality assurance and
9 service delivery for Time Warner Cable's Voice, Video and Data lines of business.

10 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND
11 EXPERIENCE.

12 A. I joined Time Warner Cable in 2004 as Vice President and General Manager of Voice. I was
13 responsible for leading the launch and management of the South Carolina division's
14 residential voice service. I have also held senior management positions at KMC Telecom;
15 MCI WorldCom, Inc.; Sprint Corporation and Civature Consulting. While serving as
16 General Manager, Network Operations at Ameritech Corporation in Chicago, I was selected
17 and successfully completed an executive exchange program with Deutsche Telecom in Bonn
18 and Berlin, Germany. I recently graduated from the Betsy Magness Leadership Institute,
19 Women in Cable Telecommunications' flagship executive development program. I am an
20 Executive Board member of Midlands Technical College Foundation Board, and the
21 Columbia Chamber of Commerce. I am a Board Member of the Columbia Urban League
22 and the Carolinas Chapter of Women in Cable Telecommunications. I recently received the
23 Lincoln C. Jenkins, Jr. Award which recognized me as a trailblazer in promoting equal

1 opportunity and social justice during the Columbia Urban League's 41st Annual Equal
2 Opportunity Day Dinner. I have a Master's Degree in Business Administration from Mercer
3 University in Atlanta and a Bachelor's Degree in Business from the University of the State
4 of New York.

5 Q. ARE YOU FAMILIAR WITH THE APPLICATION TIME WARNER CABLE
6 INFORMATION SERVICES (SOUTH CAROLINA), LLC SUBMITTED TO THIS
7 COMMISSION?

8 A. Yes.

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. The purpose of my testimony is to present evidence concerning our South Carolina
11 operations and our proposal to expand services to include Fort Mill's service area.

12 Q. PLEASE DESCRIBE THE COMPANY'S SOUTH CAROLINA OPERATIONS.

13 A. We currently provide Digital Phone service in the service areas of Verizon, AT&T,
14 Windstream, Hargray Telephone, Bluffton Telephone, and Horry Telephone Cooperative.
15 We have approximately 1400 employees and 25 work locations in South Carolina.

16 Q. DESCRIBE THE FACILITIES USED TO PROVIDE VOICE SERVICES IN SOUTH
17 CAROLINA.

18 A. Time Warner Cable owns and manages cable systems serving approximately 14.6 million
19 customers in 33 states. We offer Digital Phone service over the same Time Warner Cable
20 system facilities that are used to provide video and high-speed data services. We transmit
21 signals using a laser-fed fiber optic cable from origination points known as "headends" and
22 "hubs" to a group of distribution "nodes." Coaxial cable is used to deliver the signals from
23 the individual nodes to the homes and businesses they serve. Our Digital Phone customers

1 use a voice enabled cable modem that connects to the cable in the customer's home or
2 business. Our system allows the delivery of two-way video and broadband transmissions,
3 which is essential to providing advanced video services, Road Runner high-speed data
4 service and Digital Phone. Sprint Communications Corporation assists TWCIS in providing
5 the Digital Phone service by routing voice traffic to and from destinations outside of our
6 network using the public switched telephone network. Sprint also assists in delivering E911
7 service, porting telephone numbers, and delivering long distance traffic.

8 Q. DOES TWICS USE THE PUBLIC INTERNET TO TRANSPORT CALLS?

9 A. No. Unlike Internet phone providers such as Vonage, we do not use the public Internet to
10 transport calls. "Internet protocol" describes the technology being used which digitizes
11 information. The voice enabled cable modem converts the Digital Phone customer's voice
12 from his telephone into Internet protocol packets that are sent onto the Time Warner Cable
13 network. If the person being called is also a Time Warner Cable Digital Phone customer in
14 South Carolina, then the call would be transported entirely in Internet protocol format, and
15 the voice signals would be received by the receiving party's voice enabled modem. If the
16 person being called is not a Time Warner Cable Digital Phone customer in South Carolina,
17 then the Internet protocol voice packets would be routed to a media gateway device that
18 \would convert the Internet protocol packets to traditional circuit switched voice signals and
19 route the call to Sprint and, ultimately, to its final destination.

20 Q. PLEASE DISCUSS THE GROWTH OF THE DIGITAL PHONE MARKET.

21 A. As of September 30, 2008, we had 3.6 million Digital Phone customers nationwide. Our
22 Digital Phone service is growing rapidly in South Carolina. ****BEGIN

23 CONFIDENTIAL****

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Q. HOW DOES TWCIS MARKET ITS SERVICES?

A. TWCIS markets its Digital Phone services using direct mail and email campaigns to our current customers. We also advertise using local television commercials, newspaper advertising, and radio commercials.

Q. DOES TWCIS TARGET A PARTICULAR MARKET?

A. Time Warner Cable traditionally focused on residential customers so initially our focus was on residential Digital Phone customers. In 2007 we launched a commercial Digital Phone service known as Business Class Phone. Business Class Phone service is geared to small and medium-sized businesses. We have been offering video and high-speed data to businesses for over ten years so this commercial Digital Phone service allows us to offer a bundle of video, high-speed data, and voice services.

Q. TELL US WHY IT IS IMPORTANT TO BE ABLE TO BUNDLE SERVICES.

A. In addition to selling our services separately, we focus on marketing differentiated packages of multiple services and features, or “bundles” for a single price. Increasingly, our customers subscribe to two or three of our services. As of the end of 2007, 48% of Time Warner Cable’s customers subscribed to two or more of our primary services. Those subscribing to a bundle receive a discount from the price of buying each service separately and have the convenience of a single monthly bill. The following table illustrates the growth in customers subscribing to bundled offerings over the last three years:

	December 31,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(in thousands)		
TWC customers with 2 primary services (video, HSD, voice)	4,703	4,647	3,099
TWC customers with 3 primary services (video, HSD, voice)	2,363	1,523	760

Q. WHAT OTHER BENEFITS DOES BUNDLING PROVIDE TO CUSTOMERS?

A. We are also developing features that operate across two or more of our services or cross-platform features. For example, we are beginning to offer Caller ID on TV feature that displays an incoming call on the customer's television set at no extra charge. We are now working on other cross-platform features such as "PhotoShowTV" which gives digital video subscribers who subscribe to our Road Runner service the ability to create and share their personal photo shows and videos with other Time Warner Cable video subscribers. We are also developing remote DVR management which would allow customers who subscribe to our DVR service to use the Internet to program their DVRs, and a residential phone web portal which allows subscribers to use the Internet to modify Digital Phone features, make payments and listen to voicemail.

Q. DESCRIBE TWCIS MARKETING STRATEGY.

A. Our marketing primarily focuses on bundles of video, high-speed data, and voice services offered in differentiated but easy to understand packages. It is essential in today's marketplace to be able to bundle service offerings to compete against bundled service offerings from our competitors.

Q. DOES FORT MILL TELEPHONE, DBA COMPORIUM, OFFER BUNDLED SERVICE OFFERINGS?

A. Yes, according to the Comporium website both Fort Mill Telephone and Rock Hill

1 Telephone currently offer bundles of local, long distance, wireless, cable television, high
2 speed Internet and security services. It is my understanding that Fort Mill or a Comporium
3 affiliate has been offering cable television service since the early 1970's.¹ In addition to
4 local franchises, one Comporium affiliate, Catawba Services, Inc. has a State-Issued
5 Certificate of Franchise Authority to provide cable service in the City of Rock Hill. See
6 Exhibit CK-1. According to the Comporium website they offer residential bundles of three to
7 five of their products for savings of \$10 to \$25 per month. See Exhibit CK-2.

8 Q. DOES TWICS CURRENTLY OFFER CABLE SERVICES IN ANY OF THE FORT MILL
9 SERVICE AREAS?

10 A. Yes. We are currently providing cable service to ****BEGIN CONFIDENTIAL
11 **** END CONFIDENTIAL homes in the Fort Mill service territory. We are at a
12 competitive disadvantage in those areas where we cannot offer to bundle voice services with
13 our other service offerings.

14 Q. PLEASE TELL US ABOUT THE SERVICES TWCIS PROPOSES TO OFFER?

15 A. We would be offering the same facilities based Internet protocol based voice services and
16 intrastate telecommunications services currently offered in the areas in which TWCIS is
17 certificated in South Carolina. These services include Digital Phone interconnected VoIP
18 services to retail residential customers, Business Class Phone interconnected VoIP services
19 to retail business customers, and high capacity private line, point to point
20 transmission/telecommunications services to wholesale and retail business customers. We
21 would offer these services pursuant to the South Carolina Tariff No. 1 currently on file at the

¹ In re Application of Fort Mill Telephone co. for certification of CATV Channel Facilities in and near Fort Mill; In Re Petition of Fort Mill Telephone Co. and Palmetto Cable TV, Inc. for Waiver, FCC file no. P-C-7389 & File No. W-602-13, 31 FCC2d 867.

1 Commission.

2 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

3 A. Yes it does.

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ORIGINAL ON FILE IN THIS OFFICE

NOV 20 2008

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

State-Issued Certificate of Franchise Authority

CATAWBA, INC.
(Provider)

SERVICE AREA SCHEDULE FOR:

CITY OF ROCKHILL
(Municipality/County)

Franchise fee rate: 5 %

Number of public, educational, and
governmental (PEG) access channels to be
provided upon request to municipality/ county 2

This Service Area Schedule is attached to, and included as part of the State-Issued Certificate of Franchise Authority or Amended State-Issued Certificate of Franchise Authority issued to the provider on MARCH 13, 2007. One schedule corresponds to one municipality or county.

Date: DECEMBER 15, 2008 Completed by: [Signature]
Office of the South Carolina Secretary of State

SERVICE AREA SCHEDULE

Form Revised by South Carolina
Secretary of State May 2006

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

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NOV 20 2006

APPLICATION FOR A STATE-ISSUED
CERTIFICATE OF FRANCHISE AUTHORITY

SECRETARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY WITH BLACK INK

Pursuant to Section 58-12-310 of the 1976 South Carolina Code of Laws, as amended, the undersigned hereby applies for authorization to provide cable service over a cable system as a cable service provider in the State of South Carolina:

1. The name of the applicant is: Catawba Services, Inc. *
2. The street address of the applicant is: 330 E. Black Street

City	County	State	Zip Code
Rock Hill	York	SC	29730

The mailing address of the applicant is: P. O. Box 470, Rock Hill, SC 29731-6470

3. The municipalities and unincorporated areas of counties that are proposed to be served by the applicant are to be described in the accompanying Affidavit in Support of State-Issued Certificate of Franchise Authority. For each of the municipalities and unincorporated areas of counties so described, provide the name, address and telephone number for the person to whom Notice of Application for a State-Issued Certificate of Franchise Authority should be provided.

Municipality/Area	Name & Title	Address	Telephone Number	Expiration Date of Current Franchise
City of Rock Hill	David B. Vahaun, Management Services Director,	P. O. Box 11706 (155 Johnston Street) Rock Hill, SC 29731	803-329-5557	March 13, 2007
			803-329-8759 (Fax)	

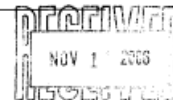
4. This application is accompanied by an affidavit signed by an officer or general partner of the applicant and fee as required by S.C. Code Section 58-12-310(B).

Date October 27, 2006

* The authorization sought is to commence March 13, 2007, the day following expiration of the applicant's current franchise issued by the City of Rock Hill, S. C.

Signature [Signature]
Type or Print Name and Title Bryant G. Barnes, President
P. O. Box 470
Address Rock Hill, SC 29731-6470

(803) 326-6009
Telephone Number



Charlene Keys Testimony

Exhibit CK-2





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Bundle & Save!
3 Products - Save \$10
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Home Integration

Home Integration is the process of incorporating technology into a new or existing home. As your one point of contact, our integrators can help make your home technology dreams become a reality.

Comporium certified Integrators can assist you with:

- Local Telephone
- Long Distance
- Digital Cable
- High-Speed Internet
- Home Security
- Whole House Audio
- Home Theatre Installation
- High-Definition Television (HDTV)
- Home Networking
- Central Vacuum
- Environmental Controls

By having your home Comporium Certified, you are able to:

- Share the same connections, printers, and files over a single high-speed data connection.
- Maintain peace-of-mind by watching the baby's room on the television or seeing who is at the front or back door.
- Enjoy video networking that can receive and distribute Cable TV, DVD's, and camera signals to any television in the house.
- Support home office and multi-line telephone connections throughout the house with the capability to reassign any phone to any line quickly and easily.
- Bring rich, clear stereo sound to any room in the house (or even outside) with Whole House Audio and local volume controls.
- Experience theater-like effects from your living room.

For over 100 years, Comporium Communications has provided York and Lancaster counties with state-of-the-art products and unprecedented customer service.

In order to assist you in keeping up with the ever-changing world of technology and home automation, our team of Home Integration Coordinators will provide you with the kind of exceptional one-on-one customer service you have come to expect from your Comporium.

2007 TechHome®

Mark of Excellence
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For More Information:

Rock Hill
803-326-6011

Fort Mill
803-548-5000

Lancaster
803-286-9000

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Why Choose Comporium Home Integration?
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The Key to a Simplified Life is Home Integration

With Comporium Home Integration, you can receive:

- One Point of Contact Throughout the Installation Process
- Activation of your Communications Services prior to move-in.
- 24-Hour Customer Service

No One Else Does It All

Let Comporium be your one-stop-shop for all your communication needs. By selecting Comporium, not only do you receive superior products and service, you also receive the opportunity to take advantage of great discounts on Comporium services.


For More on Home Integration, click below:

Core Services include:


- Local Telephone / Long Distance
- Wireless
- Digital Cable
- High-Speed Internet
- Home Security

Residential Bundle Savings:

- 3-core service bundle **SAVE \$10.00** per month
- 4-core service bundle **SAVE \$20.00** per month
- 5-core service bundle **SAVE \$25.00** per month



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